

AN ACT

To amend Chapter 13 of Title 40 of the Palau National Code to allocate ten percent (10%) of the annual revenues from the import tax on alcoholic beverages to pay healthcare coverage subscription costs for citizens who are not working and are at least sixty (60) years of age or disabled; to amend Chapter 26 of Title 40 of the Palau National Code to allocate ten percent (10%) of the annual tobacco excise tax revenues to fund healthcare coverage subscription costs for citizens who are not working and are at least sixty (60) years of age or disabled; to allocate ten percent (10%) of taxes on alcohol and tobacco to non-communicable disease prevention; to reapportion revenue from foreign fishing agreements; and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIIL ERA KELULAU DO ENACT AS FOLLOWS:

Section 1. Legislative findings.

The Olbiil Era Kelulau finds that Article VI of the Constitution of the Republic of Palau places on the national government of Palau the affirmative responsibility to promote the health and social welfare of the citizens of Palau through the provision of free or subsidized healthcare. It is pursuant to this fundamental obligation that the national government passed RPPL No. 8-14, also known as the National Healthcare Financing Act, which established a government-managed healthcare system. The Olbiil Era Kelulau also finds that the government must ensure that its healthcare program is adequately funded in order to fulfill its duty to provide healthcare for its citizens, particularly the elderly and disabled. Therefore, the Olbiil Era Kelulau finds it necessary to strengthen the nation's healthcare system by allocating ten percent (10%) of the revenues derived from the import tax on alcoholic beverages each year and ten percent (10%) of the revenues derived from the tobacco excise tax each year to pay healthcare coverage subscription costs for citizens who are not working and are at least sixty (60) years of age or disabled. Using the tax revenues for these purposes is consistent with both the taxes' aim to promote the health of the people of Palau and the government's duty under the Constitution to provide healthcare for its citizens, including the most vulnerable members of society.

The Olbiil Era Kelulau also finds that non-communicable diseases present a serious threat to Palau's public health. Allocating ten percent (10%) of revenues from taxes on alcohol and tobacco to the National Coordinating Mechanism for Non-Communicable Diseases would allow it to fund programs that it determines are

best able to prevent non-communicable diseases in Palau. Prevention is a far more cost-effective method of dealing with public health issues than waiting to treat those issues once they arise, and using taxes from products that contribute to the epidemic of non-communicable diseases will assist efforts to protect the health and wellbeing of Palauans. The National Coordinating Mechanism will review proposals for programs to combat non-communicable diseases and decide what programs to support and how much to request for each program. The National Coordinating Mechanism will then transmit an appropriation request to the Olbiil Era Kelulau, which will consider the request and appropriate the amount it deems suitable from the Non-Communicable Diseases Fund.

Finally, in response to constitutional concerns about the distribution of foreign fishing revenues in RPPL No. 9-49 (“Palau National Marine Sanctuary Act”), the Olbiil Era Kelulau finds that the current distribution of revenues found in 27 PNC § 177 should be adjusted to allocate a portion of the revenues from foreign fishing agreements to the national government. Article XII, Section 6(c) of the Constitution calls for revenues from such agreements to be “divided equitably between the national government and all state governments” and including the national government in the distribution of foreign revenues will guarantee the “equitable distribution” that the Constitution demands.

Section 2. Amendment.

Chapter 13 of Title 40 of the Palau National Code is amended to add a new Section 1307 as follows:

“§ 1307. Allocation of alcoholic beverage tax revenues for healthcare-related costs.

(a) Ten percent (10%) of the annual revenues derived from the tax imposed on alcoholic beverages under this chapter will be allocated to pay healthcare coverage subscription costs for citizens who are sixty (60) years of age or older and not working, and for citizens who are disabled and not working, in accordance with 41 PNC § 952(a). The Minister of Finance will disburse to the Healthcare Fund the funds allocated under this subsection no later than the fifteenth day of the month following

the end of each quarter of the fiscal year.

(b) Ten percent (10%) of the annual revenues derived from the tax imposed on alcoholic beverages under this chapter will be allocated to the Non-Communicable Diseases Fund established in Section 4.”

Section 3. Amendment.

Chapter 26 of Title 40 of the Palau National Code is amended to add a new Section 2607 as follows:

“§ 2607. Allocation of tax revenues for healthcare-related costs.

(a) Ten percent (10%) of the annual revenues derived from the tax imposed under this chapter will be allocated to pay healthcare coverage subscription costs for citizens who are sixty (60) years of age or older and not working, and for citizens who are disabled and not working, in accordance with 41 PNC § 952(a). The Minister of Finance will disburse to the Healthcare Fund the funds allocated under this subsection no later than the fifteenth day of the month following the end of each quarter of the fiscal year.

(b) Ten percent (10%) of the annual revenues derived from the tax imposed under this chapter will be allocated to National Coordinating Mechanism for Non-Communicable Diseases Fund established in Section 4.”

Section 4. Non-Communicable Diseases Fund.

(a) There is established within the National Treasury a permanent Non-Communicable Diseases Fund (“Fund”). The purpose of this fund is to support the efforts of the National Coordinating Mechanism for Non-Communicable Diseases, established by Executive Order 379, to prevent non-communicable diseases. The Fund is reserved for programs selected by the National Coordinating Mechanism for Non-Communicable Diseases and may only be appropriated and disbursed in accordance with subsections (b) and (c). This fund is non-lapsing.

(b) In order to access the Fund through the annual national budget, the National Coordinating Mechanism for Non-Communicable Diseases must submit a proposed operating budget in accordance with Chapter 3 of Title 40. The proposed operating budget must include a description of the programs the National

Coordinating Mechanism for Non-Communicable Diseases intends to fund along with the amount to be allocated to each program and how each program supports the National Coordinating Mechanism for Non-Communicable Diseases' strategic plan.

(c) In order to access the fund outside of the annual national budget, the National Coordinating Mechanism for Non-Communicable Diseases must submit a request to the Olbiil Era Kelulau containing the same information required in subsection (b).

Section 5. Amendment.

Section 177 of Title 27 of the Palau National Code, as amended by RPPL No. 9-49, is hereby amended to read as follows:

“§ 177. Foreign fishing revenue distribution.

(a) In this section, “foreign fishing agreement” means a contractual agreement or international treaty by which the Republic derives revenue from allowing outside persons and countries to fish for highly migratory fish within the Republic’s jurisdictional waters.

(b) In this section, “revenue” means any income that the Republic receives from a foreign fishing agreement under the terms of a foreign fishing agreement, and the issuing of licenses to fish within the Republic’s jurisdictional waters.

(c) All revenue derived from the fishing agreements shall hereby be divided between the national government and among the state governments as follows:

(1) fifteen percent (15%) of the revenue shall go to the national government;

(2) sixty-five percent (65%) shall be equally divided among the states; and

(3) twenty percent (20%) shall be divided among the states according to the population of each state as stated in the most recent national government census.”

Section 6. Amendment.

Amend 40 PNC § 1505 as follows:

“§ 1505. Revocation or suspension.

The Director may revoke or suspend any license issued under this chapter upon finding that a taxpayer:

(a) has not paid taxes due;

(b) has otherwise violated any provision of this division or regulations issued pursuant to this division;

(c) has failed to make Social Security contributions as required by 40 PNC § 744; or

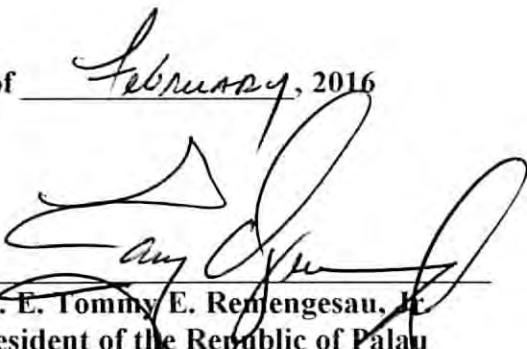
(d) has failed to file a quarterly report to the Social Security Administration as required by 40 PNC § 745.”

Section 7. Effective date.

This Act shall take effect upon either its approval by the President of the Republic of Palau or its becoming law without such approval.

PASSED: February 02, 2016

Approved this 17th day of February, 2016



H. E. Tommy E. Renjengesau, Jr.
President of the Republic of Palau